

VETERANS AND DEPENDENTS MILLENNIUM EDUCATION
ACT

MAY 19, 2000.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. STUMP, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 4268]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 4268) to amend title 38, United States Code, to increase amounts of educational assistance for veterans under the Montgomery GI Bill and to enhance programs providing educational benefits under that title, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment (stated in terms of the page and line numbers of the introduced bill) is as follows:

Page 15, strike lines 14 and 15 and insert in lieu thereof the following:

- (1) in paragraph (4)(B)—
 - (A) by striking “2002” and inserting “2008; and
 - (B) by striking “2003” and inserting “2009; and

INTRODUCTION

On April 13, 2000, the Chairman and Ranking Member of the Veterans' Affairs Committee, the Honorable Bob Stump and the Honorable Lane Evans, along with the Chairman of the Subcommittee on Benefits, the Honorable Jack Quinn, and others, introduced H.R. 4268 to amend title 38, United States Code, to enhance programs providing education benefits to veterans.

On February 23, 1999, the Committee on Veterans' Affairs held a hearing to receive the findings and recommendations of the bipartisan Commission on Servicemembers and Veterans Transition Assistance, the centerpiece of which was education recommendations. The committee received testimony from Senator Robert J. Dole, the sponsor of the legislation first calling for the creation of the Commission and from Anthony J. Principi and G. Kim Wincup, Commission Chairman and Vice Chairman, respectively. On April 21, 1999, the Subcommittee on Benefits held a hearing on veterans' educational legislative initiatives, including H.R. 1182, introduced by Honorable Bob Stump, Honorable Jack Quinn, and others, and H.R. 1071, introduced by Honorable Lane Evans, Honorable Bob Filner and others. Witnesses included the Honorable G.V. (Sonny) Montgomery; Mr. G. Kim Wincup; Sergeant First Class Thomas R. Krech, Recruiter, U.S. Army; Petty Officer Laura D. Johnson, Recruiter, U.S. Navy; Staff Sergeant Robert A. Austin, Field Recruiter, U.S. Air Force; Gunnery Sergeant Paul Jornet, Recruiter, U.S. Marine Corps; Electricians Mate Second Class Keisha R. Gill, Recruiter, U.S. Coast Guard; Vice Admiral P.A. Tracey, Deputy Assistant Secretary of Defense, Military Personnel Policy; Major General Evan Gaddis, Commanding General, U.S. Army Recruiting Command; Rear Admiral Barbara E. McGann, Commander, U.S. Navy Recruiting Command; Brigadier General Peter U. Sutton, Commander, U.S. Air Force Recruiting Service; Major General Gary L. Parks, Commanding General, U.S. Marine Corps Recruiting; and Rear Admiral Thomas J. Barrett, Director of Reserve and Training, U.S. Coast Guard; Joshua W. Krebs, Chief Master Sergeant, USAF (Ret.), Manager, Legislative Affairs, Air Force Sergeants Association; and Mr. Michael P. Cline, Executive Director, Enlisted Association of the National Guard, submitted testimony for the record.

A second hearing on these bills was held on May 20, 1999, and witnesses included Ms. Nora Egan, Deputy Under Secretary for Management, Veterans Benefits Administration; Dr. Steven F. Kime, Chairman, Secretary of Veterans Affairs Advisory Committee on Education; Ms. Judith Lee Ladd, President, American School Counselor Association; Mr. David A. Guzman, President, National Association of Veterans Program Administrators; Mr. C. Donald Sweeney, Legislative Director, National Association of State Approving Agencies; Mr. Sid Daniels, Deputy Director, National Legislative Services, Veterans of Foreign Wars; Mr. William F. Frasure, Deputy Director, Government Relations, Vietnam Veterans of America; Mr. Peter Gaytan, Legislative Director, AMVETS; Mr. Matthew L. Puglisi, Assistant Director, National Veterans Affairs and Rehabilitation Commission, The American Legion; Mr. Harley Thomas, Associate Legislative Director, Paralyzed Veterans of America; Mr. Larry D. Rhea, Deputy Director, Legislative Affairs, Non Commissioned Officers Association; Mr. Charles L. Calkins, National Executive Secretary, Fleet Reserve Association; Mr. John J. Daly, Legislative Assistant, The Retired Enlisted Association; Mr. Benjamin H. Butler, Associate Legislative Counsel, National Association for Uniformed Services; Joshua W. Krebs, Chief Master Sergeant, USAF (Ret.), Manager, Legislative Affairs, Air Force Sergeants Association; Mr. Theodore Stroup, Vice President,

Association of the U.S. Army; and Colonel Robert F. Norton, USA (Ret.), Deputy Director, Government Relations, The Retired Officers Association (TROA).

On October 28, 1999, the Subcommittee on Benefits met to receive testimony on H.R. 625, introduced by Honorable Robert Ney.

On May 11, 2000, the Full Committee met and ordered H.R. 4268 reported favorably to the House by roll call vote of 21–0.

SUMMARY OF THE REPORTED BILL

H.R. 4268 would:

1. Increase the All-Volunteer Force Educational Assistance Program basic benefits (commonly referred to as the Montgomery GI Bill or MGIB) from \$536 to \$600 per month on October 1, 2000, and to \$720 per month on October 1, 2002, for full-time students, with proportionate increases for part-time students.
2. Furnish individuals still on active duty who either turned down a previous opportunity to convert to the MGIB or had a zero balance in their Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) account, the option to pay \$2,700 to convert to MGIB eligibility.
3. Increase survivors' and dependents' educational assistance benefits for full-time students from \$485 to \$600 per month effective October 1, 2000, and \$720 per month effective October 1, 2002, with proportionate increases for part-time students; also authorizes an annual cost-of-living adjustment.
4. Permit the award of Survivors' and Dependents' Educational Assistance payments to be retroactive to the date of entitlement, that is, service-connected death or award of 100 percent disability rating.
5. Allow monthly educational assistance benefits to be paid between term, quarter, or semester intervals of up to eight weeks.
6. Allow use of MGIB benefits to pay the fee for a veteran's civilian occupational licensing or certification examination.
7. Extend temporary authority to 2008 that would otherwise expire on September 30, 2002, including VA-enhanced loan asset authority guaranteeing the payment of principal and interest on VA-issued certificates or other securities; VA home loan fees of 3/4 of one percent of the total loan amount; procedures applicable to liquidation sales on defaulted home loans guaranteed by VA; VA/Department of Health and Human Services income verification authority in which VA verifies the eligibility for VA needs-based benefits and VA means-tested medical care by gaining access to income records of the Department of Health and Human Services/Social Security Administration and the Internal Revenue Service; and limitation on VA pension on veterans without dependents receiving Medicaid-covered nursing home care.
8. Codify recurring provisions in annual Department of Veterans Affairs Appropriations Acts.
9. Reinstate the requirement that the Secretary provide periodic reports concerning equitable relief granted by the Secretary to

an individual beneficiary (expires December 31, 2004); work and activities of the Department; programs and activities examined by the Advisory Committees on a) Former Prisoners of War and b) Women Veterans (expires after biennial reports submitted in 2003); operation of the Montgomery GI Bill educational assistance program (expires December 31, 2004); activities of the Secretary's special medical advisory group (expires December 31, 2004); and also require the Secretary to include with any report that is required by law or by a joint explanatory statement of a Congressional conference committee an estimate of the cost of preparing the report.

BACKGROUND

Congress created the All-Volunteer Force Education Assistance Program, commonly referred to as the Montgomery GI Bill (MGIB), in 1984 as a pilot program and made the program permanent in 1987 (Public Law 100-48). Congress created the World War II, Korean, and Vietnam-era GI Bill programs primarily to assist former servicemembers in readjusting to civilian life. Congress designed such programs to (1) provide vocational readjustment and restore lost educational opportunities to those servicemen and servicewomen whose careers had been interrupted or impeded by reason of active duty, and (2) aid these individuals in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

The MGIB was also designed to help former servicemembers in readjustment to civilian life and to restore educational opportunities lost as the result of the veteran's decision to serve in the military. But unlike previous programs that originated during a period of universal (male) military service, Congress also designed the MGIB explicitly to assist the Armed Forces in recruiting and retaining the high quality individuals they need to attract to an All-Volunteer Force.

Subcommittee on Benefits hearing testimony and the bipartisan Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance ("Transition Commission") show that despite the wisdom and foresight of those who fought to reestablish a meaningful educational assistance program, the MGIB is losing its effectiveness as both a readjustment and recruitment tool.

READJUSTMENT

The MGIB is inadequate as a readjustment tool. It currently pays \$536 per month from which the veteran must pay tuition, books, fees, housing, and other personal expenses. 68 percent of veterans are married at separation from the military and many have children. The Transition Commission reported that "during school year 1995-1996, the MGIB covered only 36 percent of total costs at the average four-year college." The Commission also noted that "through FY 1997, some 13 years after enactment of the MGIB, only 48.7 percent of eligible veterans used it. From 1987 through 1997, VA reported a 37.3 MGIB participation [usage] rate.

Vietnam-era GI Bill usage for the first 10 years [1966 to 1976] was 63.4 percent.”

Military leaders are also acutely aware of the eroded value of the MGIB as evidenced by the testimony of Vice Admiral P.A. Tracey, Deputy Assistant Secretary of Defense, Military Personnel Policy, at the committee’s April 21, 1999, hearing: “Since its inception, the value of the MGIB, when adjusted for inflation, has grown by only 24 percent, while college costs have risen by 49 percent.” Sergeant First Class Thomas Krech, an Army recruiter stationed in Arizona, noted “The current Montgomery GI Bill, helps open some doors but the centers of influence (even more than potential recruits) are in touch with the reality of how much a college education costs these days. The fact is that the \$19,008 the current MGIB offers will not even pay for one year in some colleges in the country.”

The committee notes analysis furnished from the “Partnership for Veterans Education: Fulfilling America’s Promise”, established in January 2000, and based in Washington, DC. The Partnership is comprised of 47 veterans, military, and higher education associations led by the Non Commissioned Officers Association of the United States, the Veterans of Foreign Wars of the United States, the American Council on Education, and The Retired Officers Association.

The Partnership cites 1999 data from Trends in College Pricing furnished by the College Board, and concludes that the monthly basic MGIB benefit would need to be \$975 per month for a veteran student to be able to pay an average tuition and expenses as a commuter student at a four-year public college for academic year 1999–2000. Over four years, the numbers are even more alarming, as reported by the Partnership and the College Board. Average tuition and expenses for a commuter student at a four-year public college for academic year 1999–2000 is \$8,774. The MGIB now provides \$536 monthly stipends over four years; the total benefit payable is \$19,296. Monthly stipends would need to be \$975 per month to meet the \$35,096 four-year public college cost.

RECRUITMENT

The MGIB as a recruitment tool has also become inadequate. The RAND Corporation reports that even though total Department of Defense recruiting requirements declined by 33 percent between 1989 and 1998, the Army, Navy, Air Force, and Coast Guard are experiencing serious recruiting challenges. Vice Admiral P.A. Tracey, Deputy Assistant Secretary of Defense, Military Personnel Policy, underscored this point at the Subcommittee’s April 1999, hearing:

[R]ecruiting has been the toughest we have experienced in a long time in fiscal years 1998 and 1999. . . . Money for college consistently ranks as the major reason young men and women give for enlisting. . . . There is little doubt that the MGIB has met or exceeded the expectations of its sponsors and has been a major contributor to the success of the AVF.

The Transition Commission reported that the Department of Defense’s (DoD) 1995 Youth Attitude Tracking Survey (YATS) showed

that “most college-bound youth and their families see a tour of military service as a detour from their college plans, not as a way to achieve that goal.” DoD’s YATS for fiscal year 1998 showed that only 26 percent of 16–21 year old men expressed interest in military service. This compares unfavorably with the 34 percent of young men who seriously considered enlisting in fiscal year 1991.

The Transition Commission’s 1999 report also found that “the MGIB is losing its effectiveness in providing college-caliber high school graduates with an incentive to join the Armed Forces . . . the amount available under the MGIB is not enough to compensate youth for the time spent and risk involved in military service.” Since 1985, about 95 percent of servicemembers have paid \$1,200 to participate in the MGIB. But only about half of ex-servicemembers have used even part of their MGIB, largely confirming that it does not meet their needs. Judith Lee Ladd, President, American School Counselor Association, notes parents’ reaction to the low usage. Ms. Ladd testified that “[s]tatistics showing only 48.7 percent of eligible veterans use the Montgomery GI Bill educational benefits heightens parental concern [about their son or daughter serving in the military after high school graduation]; therefore, they want their student launched into higher education before other factors can disrupt the drive.” Joshua R. Krebs, Chief Master Sergeant, USAF (Ret.), Manager, Legislative Affairs, Air Force Sergeant’s Association, testified on the need to reverse the trend to which Ms. Ladd spoke: “. . . [W]hen high school students consider their post-high school plans, we want them to consider military service as their *first* option, not their *last*.” (emphasis in original)

Secretary of Defense William S. Cohen chartered The United States Commission on National Security/21st Century in 1998 to assess U.S. defense needs in the 21st century. The Commission’s report warns that “it is not clear how the military establishment then, will sustain and recruit enough highly skilled personnel to meet the increasing technical needs of an advanced military.” The Commission’s statement about the need to recruit sufficient quality personnel underscores what witnesses testified to at the committee’s April 21 or May 20, 1999, hearings. The committee notes four such observations:

First, Vice Admiral P.A. Tracey and Army Major General Evan Gaddis, Commander of Army Recruiting Command, apprised the committee that the universe of 17–21 year old males from which the service branches recruit is about 14 or 16 out of 100. This is because some 65 percent of youth today go on to some form of post-secondary education, others are medically or morally unqualified, and others do not meet the education or aptitude requirements.

Second, DoD data show that about 80 percent of high school graduates complete their first three years of service—compared with about 65 percent of young people who have General Equivalency Degree (GED) certificates.

Third, testimony from the Honorable G.V. (Sonny) Montgomery, who championed the All-Volunteer Force educational assistance program that bears his name, provided historical perspective. Mr. Montgomery noted that the percentage of recruits who were high school graduates nearly doubled after implementation of the GI Bill

test program in 1985. In fact, in fiscal year 1992, 100 percent of all active-duty recruits had graduated from high school. Mr. Montgomery reported the percentage of recruits scoring in the upper half of the Armed Forces Qualification Test soared as well after the GI Bill was in place.

Fourth, Lieutenant General Theodore G. Stroup, U.S. Army (Ret.), noted that All-Volunteer Force recruiting starts and ends with the U. S. Army. He pointed out that in fiscal year 1999 alone, the Army faces a staggering recruiting requirement of 184,000 for all its components—more than all of the other services recruiting requirements combined.

The United States' defense needs may change dramatically; "defending the Nation" may take on new meaning. More specifically, the success or failure of our military recruiting may be most discernible right here at home, lending even more importance to recruiting skilled personnel. Congress created the National Defense Panel in accordance with Section 924 of the Military Force Structure Act of 1996 to address long-term issues facing U.S. defense and national security. The National Defense Panel's 1998 report, *Transforming Defense, National Security in the 21st Century*, says a real threat to the Nation's security now includes terrorism directed against sites in the country:

[T]he proliferation of nuclear, chemical, and biological weapons and their delivery means will pose a threat to our homeland and our forces overseas. Information systems, the vital arteries of the modern political, economic, and social infrastructures, will undoubtedly be targets as well. . . . We must never forget that our people in uniform have been the core of our strength in the past. They, more than any hardware system, form the defense capability of today and tomorrow.

The committee recognizes that military service—the Nation's most fundamental form of national service—calls for many sacrifices that often have no comparison in the civilian world. What are the standards by which the Congress, taxpayers, servicemembers, veterans, business and industry are to judge the Montgomery GI Bill? The committee finds useful the May 20, 1999, testimony of Larry D. Rhea, Deputy Director of Legislative Affairs, Non Commissioned Officers Association of the United States of America:

If the MGIB is to be judged a success in the future as well as in the past, the evidence must show that veterans are currently receiving post-secondary education. The evidence must show that the military services are currently recruiting the high-quality high school graduates they need. The evidence must show that the Nation has enhanced its competitiveness by taking full advantage of the unique national resources represented by the self-disciplined, goal-oriented, steadfast team players developed through military service. The evidence must show that the leadership circles of government, academia, business,

labor, and media are enhanced by the presence of veterans in their ranks.

The committee notes two additional points. The committee will continue to look for ways to improve the MGIB benefit as proposed by the Partnership for Veterans Education. Entitlement increases that are not offset with savings or additional revenues could lead to deficits or spending Social Security funds. A responsible debate has to include a discussion of offsets. Secondly, at its May 20, 1999, hearing, the committee received testimony from several organizations, including Mr. David A. Guzman, President, the National Association of Veterans Program Administrators (NAVPA) and the Secretary of Veterans Affairs' Advisory Committee on Education, stating that the MGIB has become a non-benefit because the veteran student's Federal Financial Aid is reduced by the amount of their MGIB entitlement. The committee will examine this issue.

DISCUSSION OF THE REPORTED BILL

INCREASE IN RATES OF BASIC EDUCATIONAL ASSISTANCE FOR SERVICE ON ACTIVE DUTY UNDER THE MONTGOMERY GI BILL

The reported bill would increase Montgomery GI Bill basic benefits from \$536 per month to \$600 per month for full-time veteran students who served at least three years effective October 1, 2000; the monthly rate for veteran students whose initial active duty commitment was two years would increase from \$436 to \$487. Further, effective October 1, 2002, this section would increase Montgomery GI Bill basic benefits to \$720 per month for full-time veteran students. The monthly rate for two-year enlistees would increase to \$585 per month. In all instances, proportionate increases would be provided for part-time students.

ADDITIONAL OPPORTUNITY FOR CERTAIN VEAP PARTICIPANTS TO ENROLL IN BASIC EDUCATIONAL ASSISTANCE UNDER MONTGOMERY GI BILL

This section would furnish individuals still on active duty who either declined a previous opportunity to convert to the MGIB or had a zero balance in their Post-Vietnam Era Veterans' Education Assistance Program (VEAP) account to pay \$2,700 to convert to MGIB eligibility. Individuals would have 12 months to elect to convert and 18 months from the date of election to make payment.

VEAP provides educational assistance payments to veterans and current servicemembers who entered active duty between January 1, 1977 and June 30, 1985. VEAP was the first contributory education benefit plan. Under VEAP, active duty servicemembers made voluntary contributions to an individual account, which the federal government matched at a 2:1 ratio. The maximum participant contribution was \$2,700 and participants could elect to make a lump-sum contribution to the fund. In most cases, a veteran had 10 years in which to use the education benefit, and/or make a claim for the unused contribution.

Congress was able to provide the opportunity in Public Law 104-275 enacted on October 9, 1996, for about 76,000 active-duty VEAP participants with funds in their VEAP account to convert to the

MGIB, if they desired. Only about 29,000 did so. The Department of Defense estimates that about 137,000 active duty personnel would be eligible for an additional VEAP sign up. As testimony cited below indicates, many servicemembers who initially signed up withdrew their contribution to the VEAP account on the advice of their service branch.

The May 10, 1999, testimony of Colonel Robert F. Norton, USA (Ret.) of The Retired Officers Association, illustrates the view of the organizations testifying in support of resolving the VEAP issue:

VEAP Conversion—The First Order of Business. Over the past two and one-half years, TROA has heard from many career active duty servicemembers who have been “left behind” with a fourth class education benefit . . . They find it hard to believe that Congress would be willing to authorize huge increases in education benefits for new recruits and first or second termers, but leave them behind with a benefit that is woefully inadequate. The current situation stems from bad advice that the Defense Department and Service counselors gave to VEAP participants. . . . Compared to the current MGIB basic rate of \$528 per month, VEAP users would exhaust the government-funded portion of the maximum benefit in only 10 months or about one academic year. . . . But the greater problem is that for years Service counselors advised VEAP participants to cash out their VEAP accounts and invest the money for their education in the belief that they could make a VEAP contribution before separation. . . . As a matter of fairness and morale for the active duty career force and to enhance their readjustment opportunities, The Retired Officers Association strongly supports “VEAP Conversion” as recommended by the Principi Commission [Commission on Servicemembers and Veterans Transition Assistance].

The committee believes affording servicemembers who either turned down a previous opportunity to convert or had a zero balance in their VEAP account is much more desirable than having these individuals return to civilian life without any education benefits. Most individuals who will be eligible to convert to MGIB benefits under this provision now have over 15 years of service. Many will need retraining to compete in the civilian work force. Finally, the committee is advised that some of those who withdrew their contribution to their VEAP accounts did so on the advice of their service branch, particularly the Air Force.

INCREASE IN RATES OF SURVIVORS’ AND DEPENDENTS’ EDUCATIONAL ASSISTANCE

The reported bill would increase such benefits for full-time students from \$485 to \$600 per month effective October 1, 2000, and \$720 per month effective October 1, 2002, with proportional increases for part-time students; it also authorizes an annual cost-of-living adjustment.

Survivors’ and Dependents’ Educational Assistance (DEA) benefits are provided to the surviving spouse and dependent children of

an individual who dies either on active duty or due to a service-connected cause. The same benefits are furnished to the spouse and dependent children of veterans who are permanently and totally disabled due to a service-connected injury or illness. The Congress provided that the purpose of this program is to “. . . provide opportunities for education to children whose education would otherwise be impeded or interrupted by reason of the disability or death of a parent from a disease or injury incurred or aggravated in the Armed Forces. . . and for the purpose of aiding such children in attaining the educational status which they might normally have aspired to and obtained but for the disability or death of such parent.” With respect to the spouse of the deceased servicemember or permanently and totally disabled veteran, the purpose of the benefit is to assist spouses “in preparing to support themselves and their families at a standard of living level which the veterans, but for the veterans’ death or service disability, could have expected to provide for the veteran’s family.” About 48,000 beneficiaries use education benefits annually through this program.

Currently, the DEA rate is \$485 per month for full-time students, and \$365 and \$242 for students carrying three-quarter and half-time loads, respectively. In 1985, DEA benefits to full-time students paid 83 percent of the average cost of attendance at a four-year public college. Current benefits, however, cover dramatically less. The benefit afforded to full-time students would have to be increased to \$971 to achieve parity with the 1985 benefit’s educational purchasing power. Ms. Margaret Murphy Peterson, Legislative Committee Director of the Gold Stars Wives of America, Inc., testified on the importance of realistic educational opportunities for widows:

Just as veterans face a transition when leaving the military service and entering civilian life, so do military/veterans’ spouses and children experience a tough transition when they become widows and orphans. Our transition usually involves the uniquely military hardships, including eviction from [military] quarters, a major household move, and taking the children out of school—many times in mid-year—in addition to the usual hardships, including sudden substantial loss in household income and emotional turmoil. . . . In 1998, only 2,331 *widows* (less than 1 percent of all DIC recipients) used their Survivors’ and Dependents’ Educational Assistance benefits. The participation rate is low because the benefit primarily appeals to, and benefits, the younger widowed spouse, who typically is raising children. The current program which pays \$480 per month barely pays their [child] care. There is rarely money left over for tuition or books. These educational expenses are largely paid from the widow’s DIC and Social Security, which is hard to justify to the children.

The committee believes the rate increase provided by section 4 is a necessary minimum step toward accomplishing the purposes stated in section 3500 of title 38, United States Code.

ADJUSTED EFFECTIVE DATE FOR AWARD OF SURVIVORS' AND
DEPENDENTS' EDUCATIONAL ASSISTANCE

The reported bill would permit the award of Survivors' and Dependents' Educational Assistance (DEA) payments to be retroactive to the date of entitlement, that is, service-connected death or award of 100 percent disability rating.

The committee's objective is to propose an equitable solution for awarding retroactive DEA benefits when there is significant administrative delay in establishing entitlement to such benefits.

This concern is illustrated by the case of a surviving spouse who files a claim for dependency and indemnity compensation (DIC) and must wait more than a year for a final VA decision on service connection for the veteran's death. If VA adjudicates the veteran's death as service-connected, VA generally will award DIC benefits from the day the veteran died. However, under section 5113 of title 38, United States Code, when the child subsequently seeks DEA benefits from the date of the veteran's death, he or she may be paid retroactively only for training pursued within one year or the date of the child's DEA claim.

The Court of Appeals for Veterans Claims has held that a child must file his or her DEA claim independent of the surviving spouse's DIC claim. *Pfau v. West*, 12 Vet.App. 515 (1999); *Erspamer v. Brown*, 9 Vet.App. 507 (1996). Therefore, when a child waits for disposition of the DIC claim before filing the DEA claim, he or she may not be able to receive payment for training undertaken in the interim. A parallel situation exists when the child wishes to claim DEA and the veteran's claim for disability compensation is unresolved. The DEA claim must be independent of the veterans' claim for a 100 percent service-connected disability. The committee notes the October 28, 1999, testimony of Celia P. Dollarhide, Director of the Education Service at the Department of Veterans Affairs, in support for clarifying the law:

We do not disagree with the court's analysis of current law. Yet, we must acknowledge that a child seeking DEA assistance may be placed in a difficult position because the child's claim of entitlement necessarily derives from the status of the veterans' claim for permanent and total disability or the surviving spouse's DIC claim. If VA has not decided or has denied the parent's compensation or DIC claim due to failure to establish the requisite service connection, it may be too much to expect the child, nevertheless, to appreciate the need to file a timely claim in order to preserve his or her rights. Accordingly, we believe it is appropriate to consider amendatory legislation that would provide certain children a reasonable measure of relief in such circumstances. . . . We would suggest, however, that it be limited to children who reached age 18 and were in school while the claim for DIC or 100 percent service-connected disability was still pending.

The committee believes the relief proposed by section 5 is a reasonable step toward addressing this unique situation in which some dependent children find themselves.

REVISION OF EDUCATIONAL ASSISTANCE INTERVAL PAYMENT
REQUIREMENTS

The reported bill would authorize VA to continue payment of monthly educational assistance benefits to veterans enrolled at educational institutions during periods between terms if the interval between such periods does not exceed eight weeks.

Current law allows VA to pay only for intervals between terms that do not exceed a full calendar month. The purpose for paying benefits during term breaks is to allow the student whose enrollment is essentially continuous to receive uninterrupted educational assistance from VA since the veteran continues to incur subsistence expenses during the interval. The effect of current law was brought to the committee's attention by the Honorable Robert W. Ney (R-OH), who testified at the committee's October 28, 1999, hearing with respect to how current law affects about 360 veteran students at Ohio University:

. . . Ohio University's extended break between fall and winter quarter . . . runs from the day prior to Thanksgiving until the day after New Years; this break averages about 40 days or six weeks of down time. Ohio University is one of only a few public universities that provides such a lengthy break from classes within an academic year. . . . It is not reasonable to punish veterans by withholding their December benefits when they do not have the option of enrolling in course work between the fall and winters quarters that is appropriate to their academic programs. . . . I believe if veterans have completed the fall quarter courses and have registered for winter courses, they have verified a commitment to continuous status and should be eligible for continuous benefit payments.

The committee recognizes that veterans who receive benefits during a long interval will exhaust their entitlement at a rate faster than if they were not paid at such intervals. The committee hopes that veteran students will act responsibly and carefully consider this use of entitlement when making a decision to accept benefits during breaks in their school terms. Nevertheless, the committee strongly encourages VA to notify affected veteran students of the effect on their entitlement by appropriate, cost-effective means.

AVAILABILITY OF MONTGOMERY GI BILL BENEFITS FOR PAYMENT FOR
LICENSING OR CERTIFICATION TESTS

The reported bill would extend MGIB benefits to cover the costs of licensing or certification for certain vocations or professions. In 1997 when The American Legion published its watershed analysis entitled "Study of Civilian Licensure and Certification for Veterans", which was funded by the Veterans Employment and Training Service of the Department of Labor, it became clear that licensing and certification issues were having an ever-growing affect on veterans seeking quality employment in the civilian labor market. The American Legion study found that about 38 percent of all separating servicemembers have military occupational specialties with civilian counterpart occupations requiring certification or licensure.

The Legion's study showed that civilian credentialing could pose a significant barrier to employment for transitioning military personnel. The statement of James B. Hubbard, Director of The American Legion's Economics Commission, commented on this point:

Leaving active duty military service is a landmark in one's life. It involves decisions that will affect veterans and their families for the rest of their days. Every recently separated veteran faces similar challenges. They need a job, they need housing, and they need health care. Meaningful employment is essential to meeting these challenges. Removal of a paper-barrier will help make a fully qualified, recently separated veteran *job ready*. (emphasis in original)

The Congressional Budget Office (CBO) estimates that about 25,000 servicemembers separate each year with training in areas that are subject to testing and licensure by civilian authorities. CBO estimates the average cost of such tests to be \$150. The committee also notes testimony it received from Mr. Steven C. Halsey of the Coalition for Professional Certification. The Coalition is a diverse group of private sector national certification bodies that have come together to assist in the promulgation of effective governmental policies, laws and procedures relative to the private sector certification industry. The Coalition notes that there are noncredible programs operating on the diploma-mill format of the past, and suggest a minimal standard to avoid federal funds being paid to unscrupulous certification vendors. To this end, the committee bill defines the minimal characteristics required of a certification and licensing body from which veterans may be reimbursed for the cost of certification under the MGIB.

EXTENSION OF CERTAIN TEMPORARY AUTHORITIES

The reported bill would extend to December 31, 2008, current laws which would otherwise expire on September 30, 2002, or December 31, 2002. The committee extends these authorities to capture the offsets to fund the provisions in its bill. These extensions include five title 38, United States Code, authorities.

VA enhanced loan asset authority.—Section 3720(h) of title 38, United States Code, authorizes VA to guarantee the timely payment of principal and interest to purchasers of real estate mortgage investment conduits (REMICS). REMICS are used to “bundle” and market vendee loan notes. Such notes are made on direct loans by VA to purchasers of VA-acquired real estate. Using this authority, VA guarantees to REMIC purchasers that principal and interest will be paid in a timely manner, which in turn enhances the value of the REMICS in the secondary market and increases the return to VA when such securities are sold. Under Public Law 105–33 this authority would expire December 31, 2002.

VA home loan fees.—Section 3729 of title 38, United States Code, specifies that borrowers who obtain VA-guaranteed, insured or direct home loans will pay a fee. For first loans, the fees range from 0.5 percent to 2 percent, depending on the amount of down payment and the type of military or naval service (active duty or re-

serve). Public Law 103–66, the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), added section 3729(a)(4) to title 38, U.S.C., to require a surcharge of 0.75 percent for all first-use loans. Under Public Law 105–33 this authority was extended to September 30, 2002. There is no limitation on the number of times a veteran may use the VA home loan program. Section 3729 of title 38, U.S.C., requires a 3 percent fee for all second and subsequent home loans with less than 5 percent down payment.

Procedures applicable to liquidation sales of defaulted home loans guaranteed by VA.—Section 3732 of title 38, United States Code, specifies that VA has two options when a property, the financing of which is guaranteed under the VA Home Loan Guaranty Program, goes to foreclosure. VA may simply pay off the guaranty, or elect to purchase the property securing the loan in default and resell it. The decision on the course of action to take depends, generally, on VA calculations as to which action would be less costly and, therefore, more advantageous to the government. The Secretary's authority to use "no-bid" procedures, by which VA determines which option is more advantageous, expires on September 30, 2002.

Income verification authority.—VA administers a needs-based pension program and provides priority access to health care services on a means-tested basis. Section 5317 of title 38, United States Code, and section 6103 of the Internal Revenue Code of 1986, authorizes VA to verify the eligibility of recipients of, or applicants for, VA needs-based benefits and VA means-tested medical care by gaining access to income records of the Department of Health and Human Services/Social Security Administration and the Internal Revenue Service. These provisions were originally enacted as section 8051 of Public Law 101–508, the Omnibus Budget Reconciliation Act of 1990 (OBRA '90), and were last extended by Public Law 105–33, to September 30, 2002.

Limitation on VA pension for certain recipients of Medicaid-covered nursing home care.—Section 5503(f) of title 38, United States Code, limits to \$90 per month the maximum amount of VA pension that may be paid to Medicaid-eligible veterans and surviving spouses who have no dependents and who are in nursing homes that participate in Medicaid. The payments may not be used to offset the costs of care. This section treats such individuals as if the care were being furnished at VA expense. This provision was originally enacted as section 8003 of OBRA '90, and was last extended by Public Law 105–33 to September, 30, 2000. VA pension is a needs-based program that provides a minimum level of income to wartime veterans who are permanently and totally disabled due to non-service-connected causes. The minimum level of income is approximately equal to the poverty level, with additional amounts payable for dependents. Pension payments are offset dollar-for-dollar by any household income and can also be adjusted for unusual medical expenses. The basic annual rate for a single veteran with no dependents is \$8,989. This amount increases to \$14,999 for single veterans who receive additional "aid and attendance" benefits.

CODIFICATION OF RECURRING PROVISIONS IN ANNUAL DEPARTMENT
OF VETERANS AFFAIRS APPROPRIATIONS ACTS

Each year the Congress appropriates funds to the Department of Veterans Affairs as part of the Departments of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act (VA-HUD appropriations bill). Although the amount of the appropriation varies from year to year, the purposes for which appropriations are made are generally fixed, and change little if at all from year to year. Because the style of appropriations language discourages normal punctuation or sentence structure, some of the “sentences” making appropriations exceed a page in length. In order to make language appropriating funds to VA more comprehensible and easier for the average person to read, the reported bill includes provisions which codify in title 38, United States Code, the authorities for which the Department may spend appropriated funds. This language has been repeatedly enacted in the VA-HUD appropriations bill for many years, and this codification will eliminate the need to repeat this language in future appropriations bills. It does not have any substantive effect on the purposes for which funds have been appropriated in the past, and is intended to consolidate in one section of title 38, U.S.C., many of the non-title 38 provisions for which VA may spend appropriated funds.

REINSTATEMENT OF CERTAIN PERIODIC REPORTS TO CONGRESS

The Federal Reports Elimination and Sunset Act of 1995 repealed a number of agency report requirements which Congress had imposed during the 20th Century. The effect of that law, which otherwise would have taken effect last year, was temporarily suspended until May 15, 2002, by a provision in last year’s omnibus appropriations act, Public Law 106–113. The committee has considered whether it still has a need for the VA reports covered by the 1995 law. It has determined that several of these reports should be continued, but will reexamine their usefulness when the reports would again be scheduled to expire under the committee bill. The committee bill reinstates the requirement that the Secretary provide periodic reports concerning:

1. equitable relief granted by the Secretary to an individual beneficiary (expires December 31, 2004);
2. the work and activities of the Department;
3. programs and activities examined by the Advisory Committees on a) Former Prisoners of War and b) Women Veterans (expires after biennial reports submitted in 2003);
4. the operation of the Montgomery GI Bill educational assistance program (expires December 31, 2004); and
5. the activities of the Secretary’s special medical advisory group (expires December 31, 2004).

In addition, the bill requires the Secretary to include with any report that is required by law or by a joint explanatory statement of a Congressional conference committee an estimate of the cost of preparing the report.

SECTION-BY-SECTION ANALYSIS

Section 1 would provide that this Act may be cited as the “Veterans and Dependents Millennium Education Act”.

Section 2(a) would amend section 3015(a), which is applicable to veterans who complete a three-year period of active duty and section 3015(b), which is applicable to veterans who complete less than three years. This section would amend section 3015(a)(1) of title 38, United States Code, by increasing by \$184 the basic monthly education benefit for full-time students’ rates to \$720 effective October 1, 2002, and section 3015(b)(1) by increasing by \$149 the basic monthly education benefit for full-time students’ rates to \$585 effective October 1, 2002. This section also amends section 3015(a)(1) by increasing by \$64 the basic monthly education benefit for full-time students’ rates to \$600 effective October 1, 2000, and section 3015(b)(1) by increasing by \$51 the basic monthly education benefit for full-time students to \$487 effective October 1, 2000.

Section 2(b) would amend section 3015(g) of title 38, United States Code, to provide that there shall be no cost-of-living adjustment for fiscal years 2001 and 2003.

Section 3 would amend section 3018C(a)(2) to allow an individual who was a participant in the Post-Vietnam Era Educational Assistance Program (VEAP) at any time on or before October 9, 1996 (including those who had zero dollars in their VEAP account at that time or declined an opportunity to convert to the Montgomery GI Bill) and has continuously served on active duty from October 9, 1996, to make an irrevocable election to convert to the MGIB. Proposed section 3018(b)(1)(A), would require the individual to make a \$2,700 payment before discharge or release, in a manner determined by the service secretary involved. The one-year period in which to make such an election would begin on the date of enactment. To the extent that the basic pay is not reduced by \$2,700 prior to discharge or release proposed section 3018C(b)(1)(B), would require the Secretary concerned to collect such funds from the individual or reduce the retired or retainer pay of the individual. The Secretary concerned shall provide for an 18-month period from such election for the individual to make the appropriate payment.

Section 4(a) reflects changes in rates for individuals eligible for the Survivors’ and Dependents’ Education Assistance program effective October 1, 2002. This section would amend section 3532(a)(1) by increasing by \$235 the basic monthly education benefit for full-time students to \$720, by \$175 for three-quarter time students to \$540, by \$118 to \$360 for half-time pursuit, all effective October 1, 2002. This section would make corresponding changes to maximum payments for less than half-time training and a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment at section 3532(a)(2)(b). Finally, this section also would amend the allowance for the farm cooperative program in 3532(c)(2) by increasing by \$190 the amount for full-time training to \$582, by increasing by \$142 the amount for three-quarter time training to \$436, and by increasing by \$95 the amount for half-time training to \$291.

Section 4(a) also reflects changes in rates which would be effective October 1, 2000. This section would amend section 3532(a)(1) by increasing by \$115 the basic monthly allowance for full-time students to \$600 per month, by increasing by \$85 the three-quarter time rate to \$450, and by increasing by \$58 the half-time rate to \$300. This section would make corresponding changes to maximum payments for less-than-half-time training and a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment. This section would also amend the allowance for the farm cooperative program in section 3532(c)(2) by increasing by \$93 the amount for full-time training to \$485, by increasing by \$70 the amount for three-quarter time training to \$364, and by increasing by \$46 the amount for half-time training to \$242.

Section 4(b) amends section 3534(b) of title 38, United States Code, with respect to correspondence courses by increasing the charge to total entitlement by \$235 to \$720 for each month of entitlement used, effective October 1, 2002, with a monthly charge for each \$600 in entitlement used effective October 1, 2000.

Section 4(c) amends section 3542(a), title 38, United States Code, with respect to special restorative training by increasing the special training allowance by \$235 to \$720 per month effective October 1, 2002, and by \$115 to \$600 per month effective October 1, 2000. If the charges for tuition and fees applicable to any such course are currently more than \$152 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed \$152 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each \$16.16 that the special training allowance exceeds the basic monthly allowance. Effective October 1, 2002, the \$152 per month "maximum" figure would increase by \$73 to \$225 per month and effective October 1, 2000 such figure would increase by \$33 to \$188 per month. Further, effective October 1, 2002, the \$16.16 per day entitlement reduction figure would increase to \$24, and effective October 1, 2000, to \$20.

Section 4(d) amends section 3687(b)(2) effective October 1, 2002, with respect to apprenticeship or other on-job training by increasing by \$171 to \$524 the monthly amount for such training for the first six months, by increasing by \$128 to \$392 the monthly amount for the second six months, by increasing by \$85 to \$260 the monthly amount for the third six months, and by increasing by \$43 to \$131 the monthly amount for the fourth and any succeeding six-month periods of training. Section 4(d) would also amend section 3687(b)(2) effective October 1, 2000, by increasing by \$84 to \$437 the monthly amount for training for the first six months, by increasing by \$63 to \$327 the monthly amount for the second six months, by increasing by \$41 to \$216 the monthly amount for the third six months, and by increasing by \$21 to \$109 the monthly amount for the fourth and any succeeding six-month periods.

Section 4(e) would add a new section 3564 to chapter 35 to authorize an annual cost-of-living adjustment based on the Consumer Price Index. A conforming change would also be made to section

3687 to authorize adjustments in the amounts payable to persons in apprenticeship or on-job training programs.

Section 5 would amend section 5113 of title 38, United States Code, to permit the award of Survivors' and Dependents' Educational Assistance payments to be retroactive to the date of the entitling event, that is service-connected death or award of 100 percent disability rating.

Section 6 would amend section 3680(a) to allow monthly educational assistance benefits for chapters 30, 31, 32, 34, and 35 to be paid for intervals between semesters, terms or quarters of up to eight weeks.

Section 7(a) would amend section 3452(b) to include within the definition of "program of education" for which the Montgomery GI Bill may be used licensing or certification tests required for vocations or professions as offered by a licensing and credentialing organization or entity approved by the Secretary pursuant to procedures established by the Secretary. The amount of educational assistance payable under this section for a licensing or certification test is the fee charged for the test. In promulgating regulations to establish procedures to approve licensing and credentialing organizations, the Secretary shall consult with such organizations with demonstrated expertise in licensing and credentialing that the Secretary deems appropriate.

Section 8(a) would amend section 3720(h)(2) to extend the Secretary's authority to issue and guarantee securities representing an interest in home loans made by the Secretary to December 31, 2008.

Section 8(b) would amend section 3729(a) to extend the Secretary's authority to collect higher home loan fees to December 31, 2008.

Section 8(c) would amend section 3732(c)(11) to extend procedures applicable to liquidation sales on defaulted home loans guaranteed by the Department of Veterans Affairs to December 31, 2008.

Section 8(d) would amend section 5317(g) to extend the Secretary's authority to verify income information with information maintained by the Secretary of Treasury or Secretary of Health and Human Services to December 31, 2008.

Section 8(e) would amend section 5503(f)(7) to extend the limitation on VA pension benefits to veterans or other individuals without dependents who are receiving Medicaid-covered nursing home care to December 31, 2008.

Section 9(a)(1) of the reported bill would amend section 313 of title 38, United States Code, entitled "Availability of appropriations", by adding new subsections (c) through (h).

The proposed subsections would codify in one section in title 38, United States Code, the various provisions of law which are cited each year in the appropriations act as the authority for making funds available to the Department of Veterans Affairs. Proposed section 313(c) lists the purposes for which payments may be made from the compensation and pensions appropriation account. Proposed section 313(d) lists the purposes for which appropriations

made for medical care may be spent. Proposed section 313(e) lists the purposes for which appropriations made for medical administration and miscellaneous operating expenses may be spent. Proposed section 313(f) lists the purposes for which appropriations made for general operating expenses may be spent. Proposed section 313(g) lists the purposes for which appropriations made for construction, major projects may be spent. Proposed section 313(h) lists the purposes for which appropriations made for construction, minor projects may be spent.

Section 9(a)(2) of the bill would add a new section 116 to title 38, United States Code, entitled "Definition of cost of direct and guaranteed loans". This new section would codify language which has been carried in the appropriations act for the Department for the last several Congresses to incorporate the definition of such loans contained in section 502 of the Congressional Budget Act of 1974.

Section 10(a) of the reported bill would amend the Federal Reports Elimination and Sunset Act of 1995 (31 United States Code 1113 note) by providing that it does not apply to the following periodic reports which a provision codified in title 38, United States Code, requires an official of the Department of Veterans Affairs to make:

- Report on equitable relief granted by the Secretary to an individual beneficiary (section 503(c) of title 38, United States Code) (would expire December 31, 2004);
- Report on the work and activities of the Department (section 529 of title 38, United States Code);
- Report on programs and activities examined by the Advisory Committees on a) Former Prisoners of War and b) Women Veterans (section 541(c) and section 542(c) of title 38, United States Code) (would expire after biennial reports submitted in 2003);
- Report on the operation of the Montgomery GI Bill educational assistance program (section 3036 of title 38, United States Code) (would expire December 31, 2004); and
- Report on the activities of the Secretary's special medical advisory group (section 7312(d) of title 38, United States Code) (would expire December 31, 2004).

Section 10(b) repeals two obsolete reporting requirements pertaining to the furnishing of health care to members of the Armed Forces during a war or national emergency (section 8111A(f) of title 38, United States Code), and assistance in the establishment of new medical schools (section 8201(h) of title 38, U.S.C.).

Section 10(c) establishes new expiration dates as set forth above for five of the six reports which section 10(a) requires the Department to provide to Congress.

Section 10(d) would add a new section 117 to chapter 1 of title 38, United States Code, entitled "Reports to Congress: cost information". This section would require the Secretary to include with every report prepared in accordance with a law or Congressional directive a statement of the cost of preparing the report and a brief explanation of the methodology used in preparing the cost estimate.

OVERSIGHT FINDINGS

No oversight findings have been submitted to the committee by the Committee on Government Reform.

ROLL CALL VOTES

During Committee consideration of H.R. 4268, there was a recorded vote on an amendment offered by Mr. Filner to increase the monthly benefit to \$975. The amendment was rejected on a roll call vote of 6–15. The vote of Committee Members is as follows:

Date: Thursday, May 11, 2000
 Call to Order: 11:25 a.m.
 Adjourn: 12:10 p.m.
 Subject: Filner Amendment to H.R. 4268, Veterans and Dependents Millennium Education Act

NAME	YEA	NAY	NOT VOTING
Bob Stump, AZ, Chairman		X	
Chris Smith, NJ, Vice Chairman		X	
Michael Bilirakis, FL		X	
Floyd Spence, SC		X	
Terry Everett, AL		X	
Steve Buyer, IN			X
Jack Quinn, NY		X	
Cliff Stearns, FL			X
Jerry Moran, KS			X
J.D. Hayworth, AZ		X	
Helen Chenoweth, ID			X
Ray LaHood, IL		X	
Jim Hansen, UT		X	
Howard (Buck) McKeon, CA		X	
Jim Gibbons, NV			X
Mike Simpson, ID			X
Richard Baker, LA			X
Lane Evans, IL, Ranking		X	
Bob Filner, CA	X		
Luis Gutierrez, IL			X
Corrine Brown, FL	X		
Mike Doyle, PA		X	
Collin Peterson, MN			X
Julia Carson, IN	X		
Silvestre Reyes, TX		X	
Vic Snyder, AR		X	
Ciro Rodriguez, TX			X
Ronnie Shows, MS	X		
Shelley Berkley, NV	X		
Baron P. Hill, IN		X	
Tom Udall, NM	X		
TOTAL	6	15	10

There was also a roll call vote on final passage of H.R. 4268 of 21-0. The vote of Committee Members is as follows:

Date: Thursday, May 11, 2000
 Call to Order: 11:25 a.m.
 Adjourn: 12:10 p.m.
 Subject: Final Passage H.R. 4268, Veterans and Dependents
 Millennium Education Act

NAME	YEA	NAY	NOT VOTING
Bob Stump, AZ, Chairman	x		
Chris Smith, NJ, Vice Chairman	x		
Michael Bilirakis, FL	x		
Floyd Spence, SC	x		
Terry Everett, AL	x		
Steve Buyer, IN			x
Jack Quinn, NY	x		
Cliff Stearns, FL			x
Jerry Moran, KS			x
J.D. Hayworth, AZ	x		
Helen Chenoweth, ID			x
Ray LaHood, IL	x		
Jim Hansen, UT	x		
Howard (Buck) McKeon, CA	x		
Jim Gibbons, NV			x
Mike Simpson, ID			x
Richard Baker, LA			x
Lane Evans, IL, Ranking	x		
Bob Filner, CA	x		
Luis Gutierrez, IL			x
Corrine Brown, FL	x		
Mike Doyle, PA	x		
Collin Peterson, MN			x
Julia Carson, IN	x		
Silvestre Reyes, TX	x		
Vic Snyder, AR	x		
Ciro Rodriguez, TX			x
Ronnie Shows, MS	x		
Shelley Berkley, NV	x		
Baron P. Hill, IN	x		
Tom Udall, NM	x		
TOTAL	21	0	10

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 17, 2000.

Hon. BOB STUMP,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4268, the Veterans and Dependents Millennium Education Act. If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sarah Jennings, who can be reached at 226-2840.

Sincerely,

DAN L. CRIPPEN,
Director

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 4268, Veterans and Dependents Millennium Education Act,
*As ordered reported by the House Committee on Veterans' Affairs
on May 11, 2000*

SUMMARY. H.R. 4268 contains provisions that would raise direct spending for veterans' readjustment benefits, specifically Montgomery GI Bill (MGIB) benefits and educational assistance for surviving spouses and dependents of certain veterans. The bill would also extend through 2008 certain provisions of law related to veterans' housing and pensions that are scheduled to expire in 2002. CBO estimates that enacting the bill would save about \$88 million over the 2001-2005 period but cost about \$660 million over the 2001-2010 period. (Costs would amount to about \$450 million a year after 2008.)

H.R. 4268 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). A provision of the bill that would extend the limitation on pensions for certain veterans receiving nursing home care under Medicaid would increase costs to states by \$1.3 billion over the next six years. Because states possess flexibility to alter programmatic responsibilities to continue to provide required services under the Medicaid program, these additional costs are not considered mandates under UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT. The estimated budgetary impact of H R. 4268 is shown in the following table. The costs of this legislation fall within budget functions 700 (veterans benefits and services) and 550 (health).

[By Fiscal Year, Outlays in Millions of Dollars]

	2000	2001	2002	2003	2004	2005
DIRECT SPENDING						
<i>Veterans' Readjustment Benefits</i>						
Spending Under Current Law	1,459	1,473	1,489	1,512	1,545	1,587
Proposed Changes:						
Basic Benefit	0	99	109	227	245	266
Survivors' and Dependents' Education	0	34	36	72	79	87
Tests for Licensing	0	5	5	5	5	5
Semester Break Benefit	0	3	4	4	4	4
Retroactive Dependents' Assistance	0	1	1	1	1	1
VEAP Conversion	0	-1	-3	0	2	3
Subtotal-Proposed Changes	0	141	152	309	336	366
Spending Under H.R. 4268	1,459	1,614	1,641	1,821	1,881	1,953
<i>Veterans' Housing</i>						
Spending Under Current Law	506	187	154	395	393	390
Proposed Changes	0	0	0	-266	-272	-278
Spending Under H.R. 4268	506	187	154	129	121	112
<i>Veterans' Pensions</i>						
Spending Under Current Law	3,090	3,099	3,060	3,512	3,521	3,851
Proposed Changes:						
Nursing Home	0	0	0	-459	-463	-513
Income Verification	0	0	0	-3	-3	-2
Subtotal-Proposed Changes	0	0	0	-462	-466	-515
Spending Under H.R. 4268	3,090	3,099	3,060	3,050	3,055	3,336
<i>Medicaid</i>						
Spending Under Current Law	115,145	124,264	134,118	145,081	158,181	172,418
Proposed Changes	0	0	0	285	288	294
Spending Under H.R. 4268	115,145	124,164	134,118	145,366	158,469	172,712
<i>Summary of Changes in Direct Spending</i>						
Estimated Outlays	0	141	152	-134	-114	-133

NOTE: VEAP refers to the Post-Vietnam Era Veterans' Education Assistance Program.

VETERANS' READJUSTMENT BENEFITS

The bill would change several provisions related to MGIB and survivors' and dependents' education benefits.

BASIC BENEFIT. Under current law, participants in MGIB who serve at least three years on active duty are entitled to receive up to \$553 a month in fiscal year 2001. Those who serve two years are entitled to a maximum monthly benefit of \$450. Section 2 would mandate successive increases in these rates of educational assistance. Participating veterans who served at least three years on active duty would receive as much as \$600 a month beginning in fiscal year 2001 and up to \$720 a month beginning in fiscal year

2003. Similar veterans with at least two years of active duty would be eligible for a maximum benefit of \$487 a month in fiscal year 2001 and \$569 a month in fiscal year 2003. The annual cost-of-living allowances scheduled for 2001 and 2003 would not occur. Based on current rates of participation in this program, CBO estimates that this section would increase direct spending by about \$100 million in 2001, about \$950 million over the 2001–2005 period, and about \$2.5 billion over the 2001–2010 period.

SURVIVORS' AND DEPENDENTS' EDUCATION. Section 4 would increase educational assistance to survivors and dependents to \$600 a month in 2001 and \$720 a month in 2003. That would represent an increase over current rates of 24 percent and 48 percent, respectively. The benefit would grow more in subsequent years because section 4 would authorize a cost-of-living increase for fiscal years after 2003. Based on current rates of participation in this program, CBO estimates this provision would increase direct spending by \$34 million in fiscal year 2001, about \$310 million during the 2001–2005 period, and about \$830 million in the 2001–2010 period.

TESTS FOR LICENSING OR CERTIFICATION. Section 7 would extend MGIB benefits to cover the cost of tests required for occupational licensing or certification. Based on a study prepared for the Congressional Commission on Servicemembers and Veterans Transition Assistance, approximately 38 percent of servicemembers separating each year have training in areas that are subject to testing and licensure. CBO expects that less than half of them would remain in that occupation, be tested, and apply for reimbursement from the Department of Veterans Affairs (VA). Based on an average cost of \$175, CBO estimates this provision would increase direct spending by about \$5 million a year.

SEMESTER BREAK BENEFIT. Under current law, monthly veterans' education benefits are paid between terms only if the break does not exceed one calendar month. Section 6 would allow benefits to be paid during a break of up to eight weeks. Based on information from the VA, this would affect the benefits of approximately 3,000 students annually and would cost about \$4 million a year.

RETROACTIVE DEPENDENTS' ASSISTANCE. Current law requires that a veteran be found to have a service-connected disability rated at 100 percent or a spouse be found eligible for Dependency and Indemnity Compensation (DIC), before a dependent can submit a claim for education benefits. Section 5 would allow retroactive payment of dependents' education benefits for education undertaken after an ultimately successful claim for disability or DIC benefits has been made, but before it has been approved. Based on information from the Veterans Board of Appeals, CBO expects about 75 dependents would seek reimbursement under this provision each year. We estimate section 5 would increase direct spending by about \$1 million annually.

VEAP CONVERSION. Section 3 would give certain individuals on active duty a second opportunity to enroll in MGIB. That opportunity would be extended over a one-year period to individuals who were enrolled in the Post-Vietnam Era Veterans' Education Assistance Program (VEAP) on October 9, 1996. In a similar open season

in fiscal year 1997, about 55 percent of eligible members chose to pay \$1,200 each to convert from VEAP to MGIB.

CBO estimates 15 percent of those currently eligible, about 2,600 servicemembers, would pay contributions of \$2,700 to convert to MGIB during this open season. Because the contributions would have to be made before benefits would be paid out, this section would not incur significant costs until fiscal year 2004. CBO estimates that section 4 would increase direct spending by \$2 million over the 2001–2005 period and \$12 million over the 2001–2010 period.

EXTENSION OF CERTAIN PROVISIONS

The bill would extend through 2008 the sunset dates on several provisions that will otherwise expire in 2002.

VETERANS' HOUSING. Section 8 would extend through 2008 three provisions in current law that affect housing programs for veterans. The first two provisions reduce the VA loan subsidy by charging veterans a fee at the time the loan is made. Under subsection (b)(1), VA would charge certain veterans a fee of 0.75 percent of the total loan amount. CBO estimates this provision would affect roughly 219,000 new loans a year and would raise collections by an average of \$205 million a year beginning in 2003.

Under current law, veterans can reuse their home loan guarantee benefit if their previous debt has been paid in full. Subsection (b)(2) would require VA to collect a fee of 3 percent of the total loan amount from veterans who reuse their benefit. CBO estimates this provision would affect roughly 28,500 new loans a year and would raise collections by an average of \$60 million a year.

Section 8 would also extend a provision of law that requires VA to consider losses it might incur when selling a property acquired through foreclosure. Under current law, VA follows a formula defined in statute to decide whether to acquire the property or pay off the loan guarantee instead. The formula requires appraisals that may be valid at the time they are made, but do not account for changes in market conditions that might occur while VA prepares to dispose of the property. Subsection 8(c) would require VA to take account of losses from changes in housing prices that the appraisal does not capture. Losses of this type might be prevalent when housing prices are particularly volatile or if appraisals are biased for other reasons. Based on information from VA, CBO estimates this provision would save an average of \$10 million a year.

VETERANS' PENSIONS. Veterans' pensions would be affected by two provisions. One of these provisions would reduce direct spending for veterans' pensions and increase spending for Medicaid, resulting in a net spending reduction of \$1.1 billion over the 2003–2008 period. After 2008, spending under that program would return to the levels under current law.

Veterans in Medicaid Nursing Homes.—Subsection 8(e) would extend from September 30, 2002, to September 30, 2008, the expiration date on a provision of law that sets a \$90 per month limit on pensions for any veteran without a spouse or child, or for any survivor of a veteran, who is receiving Medicaid coverage in a Medicaid-approved nursing home. It also allows the beneficiary to retain

the pension instead of having to use it to defray nursing home costs.

Based on VA's experience under current law, CBO estimates gross savings for VA of \$459 million in 2003. Higher Medicaid payments to nursing homes would offset some of the savings credited to VA. Those costs would total \$285 million in 2003, resulting a net savings of \$174 million in 2003.

Income Verification.—Current law authorizes VA to acquire information on income reported to the Internal Revenue Service (IRS) to verify income reported by recipients of VA pension benefits. This authorization expires on September 30, 2002. Section 8(d) would extend the expiration date to September 30, 2008. However, the provision of law that allows the IRS to provide the information to VA will expire on September 30, 2003. Because the bill would not extend both provisions in current law, savings would be limited to the effects of a one-year renewal, which occur in the year that income is reported, in his case 2003, and in the following years to reflect the continuing effects of the lower pensions. This estimate is based on VA's recent experience, which has shown that about \$3 million in new savings is achieved annually through this income match.

PAY-AS-YOU-GO CONSIDERATIONS. The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	[By Fiscal Year, in Millions of Dollars]										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays ..	0	141	152	-134	-114	-133	-75	-23	-43	438	452
Changes in receipts											

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT. H.R. 4268 contains no intergovernmental or private-sector mandates as defined in UMRA, however a provision of the bill would increase Medicaid costs for state governments by \$1.3 billion over the next six years. The provision would extend until 2008 the limitation, currently set to expire on September 30, 2002, on the monthly pension that certain veterans in nursing homes covered by Medicaid can receive and retain. The effect of the extension would be to require the Medicaid program to continue covering 100 percent of the nursing home expenses of those veterans after 2002. Because states possess flexibility to alter programmatic responsibilities to continue to provide required services under the Medicaid program, these additional costs are not considered mandates under UMRA.

ESTIMATE PREPARED BY:

Federal Costs:

Readjustment Benefits: Sarah Jennings (226-2840).

Housing: Sunita D'Monte (226–2840).
 Veterans' Pension: Evan Christman (226–2840).
 Medicaid: Jeanne De Sa (226–9010).
 Impact on State, Local, and Tribal Governments: Susan Sieg
 Thompson (225–3220).
 Impact on the Private Sector: Richard L. Fernandez (226–
 2922).

ESTIMATE APPROVED BY:

Peter H. Fontaine, Deputy Assistant Director for Budget
 Analysis.

INFLATIONARY IMPACT STATEMENT

The enactment of the reported bill would have no inflationary
 impact.

APPLICABILITY TO LEGISLATIVE BRANCH

The reported bill would not be applicable to the legislative
 branch under the Congressional Accountability Act, Public Law
 104–1, because the bill would only affect certain Department of
 Veterans Affairs programs and benefits recipients.

STATEMENT OF FEDERAL MANDATES

The reported bill would not establish a federal mandate under
 the Unfunded Reform Act, Public Law 104–4.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution,
 the reported bill is authorized by Congress' power to "provide for
 the common Defense and general Welfare of the United States."

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the
 House of Representatives, changes in existing law made by the bill,
 as reported, are shown as follows (existing law proposed to be omit-
 ted is enclosed in black brackets, new matter is printed in italics,
 existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * *

PART I—GENERAL PROVISIONS

* * * * *

CHAPTER 1—GENERAL

Sec.
 101.

Definitions.

* * * * *

116. *Definition of cost of direct and guaranteed loans.*
 117. *Reports to Congress: cost information.*

* * * * *

§ 116. Definition of cost of direct and guaranteed loans

For the purpose of any provision of law appropriating funds to the Department for the cost of direct or guaranteed loans, the cost of any such loan, including the cost of modifying any such loan, shall be as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a).

§ 117. Reports to Congress: cost information

Whenever the Secretary submits to Congress, or any committee of Congress, a report that is required by law or by a joint explanatory statement of a committee of conference of the Congress, the Secretary shall include with the report—

- (1) a statement of the cost of preparing the report; and*
- (2) a brief explanation of the methodology used in preparing that cost statement.*

* * * * *

CHAPTER 3—DEPARTMENT OF VETERANS AFFAIRS

* * * * *

§ 313. Availability of appropriations

(a) * * *

* * * * *

(c) *COMPENSATION AND PENSION.—Funds appropriated for Compensation and Pensions are available for the following purposes:*

(1) The payment of compensation benefits to or on behalf of veterans as authorized by section 107 and chapters 11, 13, 51, 53, 55, and 61 of this title.

(2) Pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of this title and section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978.

(3) The payment of benefits as authorized under chapter 18 of this title.

(4) Burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payments of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 540 et seq.), and other benefits as authorized by sections 107, 1312, 1977, and 2106 and chapters 23, 51, 53, 55, and 61 of this title and the World War Adjusted Compensation Act (43 Stat. 122, 123), the Act of May 24, 1928 (Public Law No. 506 of the 70th Congress; 45 Stat. 735), and Public Law 87–875 (76 Stat. 1198).

(d) *MEDICAL CARE.—Funds appropriated for Medical Care are available for the following purposes:*

(1) The maintenance and operation of hospitals, nursing homes, and domiciliary facilities.

(2) *Furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department, including care and treatment in facilities not under the jurisdiction of the Department.*

(3) *Furnishing recreational facilities, supplies, and equipment.*

(4) *Funeral and burial expenses and other expenses incidental to funeral and burial expenses for beneficiaries receiving care from the Department.*

(5) *Administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction, and renovation of any facility under the jurisdiction or for the use of the Department.*

(6) *Oversight, engineering, and architectural activities not charged to project cost.*

(7) *Repairing, altering, improving, or providing facilities in the medical facilities and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials.*

(8) *Uniforms or uniform allowances, as authorized by sections 5901 and 5902 of title 5.*

(9) *Aid to State homes, as authorized by section 1741 of this title.*

(10) *Administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under chapter 17 of this title and Public Law 87-693, popularly known as the Federal Medical Care Recovery Act (42 U.S.C. 2651 et seq.).*

(e) *MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES.—Funds appropriated for Medical Administration and Miscellaneous Operating Expenses are available for the following purposes:*

(1) *The administration of medical, hospital, nursing home, domiciliary, construction, supply, and research activities authorized by law.*

(2) *Administrative expenses in support of planning, design, project management, architectural work, engineering, real property acquisition and disposition, construction, and renovation of any facility under the jurisdiction or for the use of the Department, including site acquisition.*

(3) *Engineering and architectural activities not charged to project costs.*

(4) *Research and development in building construction technology.*

(f) *GENERAL OPERATING EXPENSES.—Funds appropriated for General Operating Expenses are available for the following purposes:*

(1) *Uniforms or allowances therefor.*

(2) *Hire of passenger motor vehicles.*

(3) *Reimbursement of the General Services Administration for security guard services.*

(4) *Reimbursement of the Department of Defense for the cost of overseas employee mail.*

(5) *Administration of the Service Members Occupational Conversion and Training Act of 1992 (10 U.S.C. 1143 note).*

(g) *CONSTRUCTION.—Funds appropriated for Construction, Major Projects, and for Construction, Minor Projects, are available, with respect to a project, for the following purposes:*

(1) *Planning.*

(2) *Architectural and engineering services.*

(3) *Maintenance or guarantee period services costs associated with equipment guarantees provided under the project.*

(4) *Services of claims analysts.*

(5) *Offsite utility and storm drainage system construction costs.*

(6) *Site acquisition.*

(h) *CONSTRUCTION, MINOR PROJECTS.—In addition to the purposes specified in subsection (g), funds appropriated for Construction, Minor Projects, are available for—*

(1) *repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by a natural disaster or catastrophe; and*

(2) *temporary measures necessary to prevent or to minimize further loss by such causes.*

* * * * *

CHAPTER 5—AUTHORITY AND DUTIES OF THE SECRETARY

* * * * *

SUBCHAPTER I—GENERAL AUTHORITIES

* * * * *

§ 503. Administrative error; equitable relief

(a) * * *

* * * * *

(c) Not later than April 1 of each year, the Secretary shall submit to Congress a report containing a statement as to the disposition of each case recommended to the Secretary for equitable relief under this section during the preceding calendar year. *No report shall be required under this subsection after December 31, 2004.*

* * * * *

SUBCHAPTER III—ADVISORY COMMITTEES

* * * * *

§ 541. Advisory Committee on Former Prisoners of War

(a) * * *

* * * * *

(c)(1) Not later than July 1 of each odd-numbered year *through 2003*, the Committee shall submit to the Secretary a report on the programs and activities of the Department that pertain to veterans who are former prisoners of war. Each such report shall include—

(A) * * *

* * * * *

§ 542. Advisory Committee on Women Veterans

(a) * * *

* * * * *

(c)(1) Not later than July 1 of each even-numbered year *through 2003*, the Committee shall submit to the Secretary a report on the programs and activities of the Department that pertain to women veterans. Each such report shall include—

(A) * * *

* * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

* * * * *

CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

* * * * *

SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

* * * * *

(These amendments shall take effect on October 1, 2002)

§ 3015. Amount of basic educational assistance

(a) The amount of payment of educational assistance under this chapter is subject to section 3032 of this title. Except as otherwise provided in this section, a basic educational assistance allowance under this subchapter shall be paid—

(1) at the monthly rate of **【\$528】** \$720 (as increased from time to time under subsection (g)) for an approved program of education pursued on a full-time basis; or

(2) at an appropriately reduced rate, as determined under regulations which the Secretary shall prescribe, for an approved program of education pursued on less than a full-time basis.

(b) In the case of an individual entitled to an educational assistance allowance under section 3011 or 3018 of this title and whose initial obligated period of active duty is two years, a basic educational assistance allowance under this chapter shall (except as provided in the succeeding subsections of this section) be paid—

(1) at the monthly rate of **【\$429】** \$585 (as increased from time to time under subsection (g)) for an approved program of education pursued on a full-time basis; or

* * * * *

(For fiscal years 2001 and 2002 this section shall be applied by substituting the following figures)

§ 3015. Amount of basic educational assistance

(a) The amount of payment of educational assistance under this chapter is subject to section 3032 of this title. Except as otherwise provided in this section, a basic educational assistance allowance under this subchapter shall be paid—

(1) at the monthly rate of **[\$528]** \$600 (as increased from time to time under subsection (g)) for an approved program of education pursued on a full-time basis; or

(2) at an appropriately reduced rate, as determined under regulations which the Secretary shall prescribe, for an approved program of education pursued on less than a full-time basis.

(b) In the case of an individual entitled to an educational assistance allowance under section 3011 or 3018 of this title and whose initial obligated period of active duty is two years, a basic educational assistance allowance under this chapter shall (except as provided in the succeeding subsections of this section) be paid—

(1) at the monthly rate of **[\$429]** \$487 (as increased from time to time under subsection (g)) for an approved program of education pursued on a full-time basis; or

* * * * *

§ 3018C. Opportunity for certain VEAP participants to enroll

(a) Notwithstanding any other provision of law, an individual who—

(1) * * *

[(2) is serving on active duty (excluding the periods referred to in section 3202(1)(C) of this title) on such date;]

(2) *has continuously served on active duty since October 9, 1996, (excluding the periods referred to in section 3202(1)(C) of this title);*

* * * * *

(5) **[during the one-year period beginning on October 9, 1996,]** *during the one-year period beginning on the date of the enactment of the Veterans and Dependents Millennium Education Act,* makes an irrevocable election to receive benefits under this section in lieu of benefits under chapter 32 of this title, pursuant to procedures which the Secretary of each military department shall provide in accordance with regulations prescribed by the Secretary of Defense for the purpose of carrying out this section or which the Secretary of Transportation shall provide for such purpose with respect to the Coast Guard when it is not operating as a service in the Navy;

may elect to become entitled to basic educational assistance under this chapter.

[(b) With respect to an individual who makes an election under subsection (a) to become entitled to basic education assistance under this chapter—

[(1) the basic pay of the individual shall be reduced (in a manner determined by the Secretary of Defense) until the total amount by which such basic pay is reduced is \$1,200; or

[(2) to the extent that basic pay is not so reduced before the individual's discharge or release from active duty as specified in subsection (a)(4), the Secretary shall collect from the individual an amount equal to the difference between \$1,200 and the total amount of reductions under paragraph (1), which shall be paid into the Treasury of the United States as miscellaneous receipts.]

(b)(1) Subject to paragraph (2), with respect to an individual who makes an election under subsection (a) to become entitled to basic education assistance under this chapter—

(A) the basic pay of the individual shall be reduced (in a manner determined by the Secretary concerned) until the total amount by which such basic pay is reduced is \$2,700; or

(B) to the extent that basic pay is not so reduced before the individual's discharge or release from active duty as specified in subsection (a)(4), the Secretary concerned shall collect from the individual, or reduce the retired or retainer pay of the individual by, an amount equal to the difference between \$2,700 and the total amount of reductions under subparagraph (A), which shall be paid into the Treasury of the United States as miscellaneous receipts.

(2)(A) The Secretary concerned shall provide for an 18-month period, beginning on the date the individual makes an election under subsection (a), for the individual to pay that Secretary the amount due under paragraph (1).

(B) Nothing in subparagraph (A) shall be construed as modifying the period of eligibility for and entitlement to basic education assistance under this chapter applicable under section 3031 of this title.

* * * * *

SUBCHAPTER IV—TIME LIMITATION FOR USE OF ELIGIBILITY AND ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

* * * * *

§ 3032. Limitations on educational assistance for certain individuals

(a) * * *

* * * * *

(g) The amount of educational assistance payable under this chapter for a licensing or certification test described in section 3452(b) of this title is the fee charged for the test.

* * * * *

§ 3036. Reporting requirement

(a) * * *

* * * * *

[(d)(1) The first report by the Secretary of Defense under this section shall be submitted not later than January 1, 1986.

[(2) The first report by the Secretary under this section shall be submitted not later than January 1, 1988.]

(d) *No report shall be required under this section after January 1, 2005.*

* * * * *

CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

* * * * *

SUBCHAPTER I—PURPOSE; DEFINITIONS

* * * * *

§ 3452. Definitions

For the purposes of this chapter and chapter 36 of this title—

(a) * * *

* * * * *

(b) The term “program of education” means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective. Such term also means any curriculum of unit courses or subjects pursued at an educational institution which fulfill requirements for the attainment of more than one predetermined and identified educational, professional, or vocational objective if all the objectives pursued are generally recognized as being reasonably related to a single career field. Such term also means any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution, required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of section 7(i)(1) of the Small Business Act (15 U.S.C. 636(i)(1)). *Such term also includes licensing or certification tests required for vocations or professions, such tests offered by a licensing and credentialing organization or entity approved by the Secretary pursuant to procedures established by the Secretary.*

* * * * *

CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE

SUBCHAPTER I—DEFINITIONS

Sec.
3500.

Purpose.

* * * * *

SUBCHAPTER VI—MISCELLANEOUS PROVISIONS

3561.

Authority and duties of Secretary.

* * * * *

3564.

Annual adjustment of amounts of educational assistance.

* * * * *

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE PERSONS

* * * * *

(These amendments shall take effect on October 1, 2002)

§ 3532. Computation of educational assistance allowance

(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be paid at the monthly rate of ~~[\$485]~~ \$720 for full-time, ~~[\$365]~~ \$540 for three-quarter-time, or ~~[\$242]~~ \$360 for half-time pursuit.

(2) The educational assistance allowance on behalf of an eligible person pursuing a program of education on less than a half-time basis shall be paid at the rate of (A) the established charges for tuition and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) ~~[\$485]~~ \$720 per month for a full-time course, whichever is the lesser.

(b) The educational assistance allowance to be paid on behalf of an eligible person who is pursuing a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion, shall be computed at the rate of ~~[\$485]~~ \$720 per month.

(c)(1) An eligible person who is enrolled in an educational institution for a “farm cooperative” program consisting of institutional agricultural courses prescheduled to fall within forty-four weeks of any period of twelve consecutive months and who pursues such program on—

(A) a full-time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such year prescheduled to provide not less than eighty clock hours in any three-month period),

(B) a three-quarter-time basis (a minimum of seven clock hours per week), or

(C) a half-time basis (a minimum of five clock hours per week),

shall be eligible to receive an educational assistance allowance at the appropriate rate provided in paragraph (2) of this subsection, if such eligible person is concurrently engaged in agricultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Secretary. In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the person is enrolled.

(2) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing a farm cooperative program under this chapter shall be ~~[\$392]~~ \$582 for full-time, ~~[\$294]~~ \$436 for three-quarter-time, and ~~[\$196]~~ \$291 for half-time pursuit.

* * * * *

(For fiscal years 2001 and 2002 this section shall be applied by substituting the following figures)

§ 3532. Computation of educational assistance allowance

(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be paid at the monthly rate of ~~[\$485]~~ \$600 for full-time, ~~[\$365]~~ \$450 for three-quarter-time, or ~~[\$242]~~ \$300 for half-time pursuit.

(2) The educational assistance allowance on behalf of an eligible person pursuing a program of education on less than a half-time basis shall be paid at the rate of (A) the established charges for tuition and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) ~~[\$485]~~ \$600 per month for a full-time course, whichever is the lesser.

(b) The educational assistance allowance to be paid on behalf of an eligible person who is pursuing a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion, shall be computed at the rate of ~~[\$485]~~ \$600 per month.

(c)(1) * * *

* * * * *

(2) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing a farm cooperative program under this chapter shall be ~~[\$392]~~ \$485 for full-time, ~~[\$294]~~ \$364 for three-quarter-time, and ~~[\$196]~~ \$242 for half-time pursuit.

* * * * *

(These amendments shall take effect on October 1, 2002)

§ 3534. Apprenticeship or other on-job training; correspondence courses

(a) * * *

(b) Any eligible spouse or surviving spouse shall be entitled to pursue a program of education exclusively by correspondence and be paid an educational assistance allowance as provided in section 3686 (other than subsection (a)(2)) of this title and the period of such spouse's entitlement shall be charged with one month for each ~~[\$485]~~ \$720 which is paid to the spouse as an educational assistance allowance for such course.

* * * * *

(For fiscal years 2001 and 2002 this section shall be applied by substituting the following figures)

§ 3534. Apprenticeship or other on-job training; correspondence courses

(a) * * *

(b) Any eligible spouse or surviving spouse shall be entitled to pursue a program of education exclusively by correspondence and be paid an educational assistance allowance as provided in section

3686 (other than subsection (a)(2)) of this title and the period of such spouse's entitlement shall be charged with one month for each ~~[\$485]~~ \$600 which is paid to the spouse as an educational assistance allowance for such course.

* * * * *

SUBCHAPTER V—SPECIAL RESTORATIVE TRAINING

* * * * *

(These amendments shall take effect on October 1, 2002)

§ 3542. Special training allowance

(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of ~~[\$485]~~ \$720 per month. If the charges for tuition and fees applicable to any such course are more than ~~[\$152]~~ \$225 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed ~~[\$152]~~ \$225 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each ~~[\$16.16]~~ \$24 that the special training allowance paid exceeds the basic monthly allowance.

* * * * *

(For fiscal years 2001 and 2002 this section shall be applied by substituting the following figures)

§ 3542. Special training allowance

(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of ~~[\$485]~~ \$600 per month. If the charges for tuition and fees applicable to any such course are more than ~~[\$152]~~ \$188 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed ~~[\$152]~~ \$188 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each ~~[\$16.16]~~ \$20 that the special training allowance paid exceeds the basic monthly allowance.

* * * * *

SUBCHAPTER VI—MISCELLANEOUS PROVISIONS

* * * * *

§ 3564. Annual adjustment of amounts of educational assistance

With respect to any fiscal year, the Secretary shall provide a percentage increase (rounded to the nearest dollar) in the rates payable under sections 3532, 3534(b), and 3542(a) of this title equal to the percentage by which—

(1) the Consumer Price Index (all items, United States city average) for the 12-month period ending on the June 30 preced-

ing the beginning of the fiscal year for which the increase is made, exceeds

(2) such Consumer Price Index for the 12-month period preceding the 12-month period described in paragraph (1).

* * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

* * * * *

SUBCHAPTER I—STATE APPROVING AGENCIES

* * * * *

§ 3680. Payment of educational assistance or subsistence allowances

Period for Which Payment May Be Made

(a) * * *

* * * * *

Notwithstanding the foregoing, the Secretary may, subject to such regulations as the Secretary shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) of this subsection—

(A) * * *

* * * * *

[(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis if the interval between such periods does not exceed one full calendar month.]

(C) during periods between school terms where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual term basis if (i) the period between such terms does not exceed eight weeks, and (ii) both the terms preceding and following the period are not shorter in length than the period.

* * * * *

SUBCHAPTER II—MISCELLANEOUS PROVISIONS

* * * * *

(The amendments to subsection (b)(2) shall take effect on October 1, 2002)

§ 3687. Apprenticeship or other on-job training

(a) * * *

* * * * *

(b)(1) * * *

(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be **[\$353]** \$524 for the first six months, **[\$264]** \$392 for the second

six months, **[\$175]** \$260 for the third six months, and **[\$88]** \$131 for the fourth and any succeeding six-month periods of training.

* * * * *

(d) *With respect to any fiscal year, the Secretary shall provide a percentage increase (rounded to the nearest dollar) in the rates payable under subsection (b)(2) equal to the percentage by which—*

(1) the Consumer Price Index (all items, United States city average) for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made, exceeds

(2) such Consumer Price Index for the 12-month period preceding the 12-month period described in paragraph (1).

* * * * *

(For fiscal years 2001 and 2002 this section shall be applied by substituting the following figures)

§ 3687. Apprenticeship or other on-job training

(a) * * *

* * * * *

(b)(1) * * *

(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be **[\$353]** \$437 for the first six months, **[\$264]** \$327 for the second six months, **[\$175]** \$216 for the third six months, and **[\$88]** \$109 for the fourth and any succeeding six-month periods of training.

* * * * *

CHAPTER 37—HOUSING AND SMALL BUSINESS LOANS

* * * * *

SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

* * * * *

§ 3720. Powers of Secretary

(a) * * *

* * * * *

(h)(1) * * *

(2) The Secretary may not under this subsection guarantee the payment of principal and interest on certificates or other securities issued or approved after **[December 31, 2002]** *December 31, 2008*.

* * * * *

§ 3729. Loan fee

(a)(1) * * *

* * * * *

(4)(A) * * *

(B) The specified period for purposes of subparagraph (A) is the period beginning on October 1, 1993, and ending on September 30, **[2002]** 2008, except that in the case of a loan described in sub-

paragraph (D) of paragraph (2), such period ends on September 30, **[2003]** 2009.

* * * * *

(5)(A) * * *

* * * * *

(C) This paragraph applies with respect to a loan closed after September 30, 1993, and before **[October 1, 2002]** *October 1, 2008*.

* * * * *

§ 3732. Procedure on default

(a) * * *

* * * * *

(c)(1) * * *

* * * * *

(11) This subsection shall apply to loans closed before **[October 1, 2002]** *October 1, 2008*.

* * * * *

PART IV—GENERAL ADMINISTRATIVE PROVISIONS

* * * * *

CHAPTER 51—CLAIMS, EFFECTIVE DATES, AND PAYMENTS

* * * * *

SUBCHAPTER II—EFFECTIVE DATES

* * * * *

§ 5113. Effective dates of educational benefits

(a) Except as provided in **[subsection (b) of this section]** *subsections (b) and (c)*, effective dates relating to awards under chapters 30, 31, 32, 34, and 35 of this title or chapter 106 of title 10 shall, to the extent feasible, correspond to effective dates relating to awards of disability compensation.

(b)(1) When determining the effective date of an award of survivors' and dependents' educational assistance under chapter 35 of this title for an individual described in paragraph (2) based on an original claim, the Secretary shall consider the individual's application (under section 3513 of this title) as having been filed on the effective date from which the Secretary, by rating decision, determines that the individual is entitled to such educational assistance (such entitlement being based on the total service-connected disability evaluated as permanent in nature, or the service-connected death, of the spouse or parent from whom the individual's eligibility is derived) if that date is more than one year before the date such rating decision is made.

(2) An individual referred to in paragraph (1) is a person who is eligible for educational assistance under chapter 35 of this title by

reason of subparagraph (A)(i), (A)(ii), (B), or (D) of section 3501(a)(1) of this title who—

(A) submits to the Secretary an original application under such section 3513 for such educational assistance within one year of the effective date of the rating decision referred to in paragraph (1);

(B) claims such educational assistance for an approved program of education for months preceding the one-year period ending on the date on which the individual's application under such section was received by the Secretary; and

(C) would have been entitled to such educational assistance for such course pursuit for such months, without regard to this subsection, if the individual had submitted such an application on the effective date from which the Secretary determined the individual was eligible for such educational assistance.

[(b)] (c) The effective date of an adjustment of benefits under any chapter referred to in subsection (a) of this section, if made on the basis of a certification made by the veteran or person and accepted by the Secretary under section 3680(g) of this title, shall be the date of the change.

* * * * *

CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

* * * * *

§ 5317. Use of income information from other agencies: notice and verification

(a) * * *

* * * * *

(g) The authority of the Secretary to obtain information from the Secretary of the Treasury or the Secretary of Health and Human Services under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986 expires on [September 30, 2002] *September 30, 2008*.

* * * * *

CHAPTER 55—MINORS, INCOMPETENTS, AND OTHER WARDS

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§ 5503. Hospitalized veterans and estates of incompetent institutionalized veterans

(a) * * *

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(f)(1) * * *

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(7) This subsection expires on [September 30, 2002] *September 30, 2008*.

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PART V—BOARDS, ADMINISTRATIONS, AND SERVICES

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CHAPTER 73—VETERANS HEALTH ADMINISTRATION— ORGANIZATION AND FUNCTIONS

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SUBCHAPTER II—GENERAL AUTHORITY AND ADMINISTRATION

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§ 7312. Special medical advisory group

(a) * * *

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(d) Not later than February 1 of each year, the special medical advisory group shall submit to the Secretary and the Congress a report on the activities of the advisory group during the preceding fiscal year. *No report shall be required under this subsection after December 31, 2004.*

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PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

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CHAPTER 81—ACQUISITION AND OPERATION OF HOS- PITAL AND DOMICILIARY FACILITIES; PROCUREMENT AND SUPPLY; ENHANCED-USE LEASES OF REAL PROP- ERTY

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SUBCHAPTER I—ACQUISITION AND OPERATION OF MEDICAL FACILITIES

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§ 8111A. Furnishing of health-care services to members of the Armed Forces during a war or national emer- gency

(a) * * *

* * * * *

[(f) Within thirty days after a declaration of a period of war or national emergency described in subsection (a) of this section (or as soon after the end of such thirty-day period as is reasonably practicable), the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the Secretary's allocation of facilities and personnel in order to provide priority hospital care, nursing home care, and medical services

under this section to members of the Armed Forces. Thereafter, with respect to any fiscal year in which the authority in subsection (b) of this section to enter into contracts with private facilities has been used, the Secretary shall report within ninety days after the end of such fiscal year to those committees regarding the extent of, and the circumstances under which, such authority was used.】

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**CHAPTER 82—ASSISTANCE IN ESTABLISHING NEW
STATE MEDICAL SCHOOLS; GRANTS TO AFFILIATED
MEDICAL SCHOOLS; ASSISTANCE TO HEALTH MAN-
POWER TRAINING INSTITUTIONS**

* * * * *

**§ 8201. Coordination with public health programs; adminis-
tration**

(a) * * *

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【(h) Not later than ninety days after the end of each fiscal year, the Secretary shall submit to the Congress a report on activities carried out under this chapter, including (1) an appraisal of the effectiveness of the programs authorized herein in carrying out their statutory purposes and the degree of cooperation from other sources, financial and otherwise, (2) an appraisal of the contributions of such programs in improving the quantity and quality of physicians and other health care personnel furnishing hospital care and medical services to veterans under this title, (3) a list of the approved but unfunded projects under this chapter and the funds needed for each such project, and (4) recommendations for the improvement or more effective administration of such programs, including any necessary legislation.】

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